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# I. Highlights - - - 2003

## **Puget Sound Economy: Still scraping along the bottom**

King County and the Puget Sound Region continue to struggle with the worst recession in 30 years. The economic downturn began in early 2001, about the time the Pergola in Pioneer Square was pulled down by an errant truck. It worsened when an earthquake measuring 6.8 hit the Puget Sound region on February 28. The costs to repair infrastructure in King County, including the Alaskan Way Viaduct and the King County Courthouse, are still mounting. In March, the Boeing Company announced it would move its headquarters back East, to Chicago as it turned out. Then Boeing announced that layoffs would begin later in the year. Actual layoffs began late in 2001 and continue even now. As of early 2003, Boeing has laid off about 30,000 employees nationally, including about 18,000 here in the Puget Sound region.

Psychologically, we hit bottom on September 11, 2001 with the terrorist attacks. Even though New York and Washington DC are far away, we came together as a nation in grief, and the sense of gloom seemed to settle in here for a long time. In 2002, the news didn't get much better. The dot-com bust, continuing into 2002, removed millions in income and eliminated thousands of high-paying jobs. Two years of stock market declines have taken a toll on spending and consumer confidence. The rest of the US suffered a relatively short recession of perhaps three quarters, but was beginning to recover by early 2002. In the Puget Sound region, the recession continues a year later, as unemployment levels continue to grow. In April 2002, regional unemployment stands at 6.6%. The Seattle-Bellevue-Everett metro area lost 97,000 jobs in the 20 months between January 2001 and August 2002. That is the largest decline in jobs since 1982. King County alone has lost more than 60,000 jobs since January 2001, a major blow after several years of expected annual increases in jobs and unemployment near 3%. This has been a shock to a region which had not experienced a recession since 1982, because the 1991 downturn was buffered by counter-cyclical growth among high tech companies. In addition to 60,000 unemployed workers, additional thousands are too discouraged to seek jobs or are working at jobs which don't use their full skills. A recent US Census Survey found as many as 8.7% of King County residents are unemployed, including thousands who are not on the official unemployment rolls because their benefits are exhausted.

Two years after the economic downturn started, it began to affect the demographics of the region. The April 2003 State population estimates for cities and counties show only a tiny increase in population during the last year. After some delay, there is now evidence that more people are moving out of King County than in, and evidence that families with one or more members out of work are looking elsewhere for employment. Many cities in King County showed a slight decline in population for the first time in decades. King County's April 2003 population is estimated at 1,779,300 – only 5,000 more than in 2002 and the smallest increase since 1983. Besides the sluggish economy, other factors are contributing to the slowing growth. Notably, immigration from overseas has declined to half the annual rate of two or more years ago. Many immigrant households, who depend on two or more workers to make ends meet, may be struggling because they are more likely to have lost jobs in this difficult economy. Further, housing prices remain high because of low interest rates, unlike the situation 20 and 30 years ago when an economic downturn lowered average house sales prices.

However, despite this gloomy situation, there is much long-range positive news about King County and the region:

- King County is a nationally important market, with the ninth largest number of jobs among the nation's 3,100 counties, and a year 2000 payroll of \$54 billion, ranking 8<sup>th</sup> in the nation.
- Although unemployment has increased to about 6.6 %, many businesses continue to suffer from a labor shortage. Despite the decline of Microsoft stock to half its mid-2000 value, employment remains strong at Microsoft and the company continues to hire new personnel, although more slowly than before. Much of the computer services industry remains healthy in spite of stock declines.
- Boeing, traditional foundation of the region's economy, has reached its decade low and foresees a stable level of production next year. In May, 2003, the US Air Force announced that it will lease new tanker planes from Boeing, based on the 767 airplane assembled in Everett.
- Residential and commercial construction in King County continues to coast upward. After several years with little office construction, several big office complexes are underway in Bellevue, Seattle and Redmond. Record numbers of new housing units were authorized in Seattle in 2000 and 2001 -- more than 6,500 new houses, apartments and condo units. After demolitions are subtracted, this should still add nearly 5,900 units to Seattle's housing stock.
- Bellevue, Seattle, Renton, Auburn and other downtown or urban center developments are exhibiting healthy growth.

The upshot of all these events is a King County economy that remains strong despite severe shocks. Unemployment has risen to 6.6 % as of Spring 2003, but that level is no worse than the historical average. Aerospace employment in the Puget Sound region now stands at 65,000, with about 41,000 of that in King County. Although well below its record employment levels, the aerospace sector continues to provide high wages to local workers. High tech continues to expand despite the shakeout of a few companies. Other services, wholesale, and retail lost employment before the recession hit aerospace, so they may be ready to grow again in the coming year.

The significant overall income growth in software and other sectors propelled King County into eighth place among all 3,100 counties in the United States in total payroll paid during 1998. Measured at \$41 billion by the Census Bureau, King County's total business payroll exceeded that of 26 states, including Oregon, which has twice as many people as King County. Among other issues raised by such large numbers is that of disparity of wealth and income between King County and the other parts of Washington State outside the Puget Sound region. In 1998, more than 52% of wages paid in the state were in King County, in contrast to our 29% share of the state's population. Some of that difference reflects high tech jobs in Seattle and the Eastside as well as high wage manufacturing jobs in South King County.

Long range prospects are mixed. Boeing forecasts production of around 250 airplanes this year and next. Sale of those planes will bring in billions of dollars, much of which will be re-spent in the Puget Sound economy. But with the move of Boeing headquarters to Chicago, long-term prospects for aerospace are less certain, although the company has continued to emphasize its investment in the Puget Sound region. Sales tax and other government revenues are declining at a time

### **King County Geography**

*King County, covering 2,130 square miles, is the size of Delaware, but much more geographically diverse. It extends from Puget Sound in the west to 8,000-foot Mt Daniel at the Cascade crest to the east. King County contains a wide variety of landforms including saltwater coastline, river floodplains, plateaus, slopes and mountains, punctuated with lakes and salmon streams. Lake Washington, covering 35 square miles, and Lake Sammamish with 8 square miles are the two largest bodies of fresh water. Vashon Island in Puget Sound and Mercer Island in Lake Washington provide different island environments – one rural, one urban.*

*King County has a variety of land types or land uses including urban residential, intensive commercial and industrial areas, farms and woodlots, commercial forest, rock and glacier. Thousands of years ago, ice-age glaciers formed the north-south trending shapes of our lakes and hills, making east-west travel more difficult than north-south travel. Four major river basins with salmon-bearing streams are separated by steep-sided plateaus whose slopes are subject to landslides and erosion, complicating the construction of homes, businesses and roads.*

### **King County Demographics**

*With more than 1,774,000 people, King County is the largest county in Washington State and the 13<sup>th</sup> largest in the nation. The County has more population than ten States including Montana and Nebraska. As a populous large*

when public investment is needed. We are doing remarkably well so far, but if these underlying issues are not addressed, there could be lasting consequences to King County and the Puget Sound region.

### Population of 30 Largest US Counties - 2002

Rank, 2002	County and State	Population, 2002	% Change, 90 - '02	Rank, 2002	County and State	Population, 2002	% Change, 90 - '02
1	Los Angeles, CA	9,806,600	10.6%	16	Santa Clara, CA	1,683,500	12.4%
2	Cook, IL	5,377,500	5.3%	17	New York, NY	1,546,900	4.0%
3	Harris, TX	3,557,100	26.2%	18	Tarrant, TX	1,527,400	30.5%
4	Maricopa, AZ	3,303,900	55.7%	19	Clark, NV	1,522,200	105.3%
5	Orange, CA	2,938,500	21.9%	20	Philadelphia, PA	1,492,200	-5.9%
6	San Diego, CA	2,906,700	16.4%	21	Middlesex, MA	1,474,200	5.4%
7	Kings, NY	2,488,200	8.2%	22	Alameda, CA	1,472,300	15.1%
8	Miami-Dade, FL	2,332,600	20.4%	23	Suffolk, NY	1,458,700	10.3%
9	Dallas, TX	2,284,000	23.3%	24	Bexar, TX	1,446,300	22.0%
10	Queens, NY	2,237,800	14.7%	25	Cuyahoga, OH	1,379,000	-2.3%
11	Wayne, MI	2,045,500	-3.1%	26	Bronx, NY	1,354,100	12.5%
12	San Bernardino, CA	1,816,100	28.0%	27	Nassau, NY	1,344,900	4.5%
13	<b>KING, WA</b>	<b>1,759,600</b>	<b>16.7%</b>	28	Sacramento, CA	1,305,100	25.3%
14	Broward, FL	1,709,100	36.1%	29	Allegheny, PA	1,269,900	-5.0%
15	Riverside, CA	1,699,100	45.2%	30	Oakland, MI	1,202,700	11.0%

Source: US Census 2000, and Census Bureau estimates, 2003.

### King County Population Exceeds 1.7 million

The 2000 US Census counted 1,737,034 persons in King County on April 1, 2000. This number is an increase of nearly 230,000 or 15 percent above the 1,507,319 counted a decade earlier.

King County, with nearly one third of the State's population, is Washington's growth and economic engine. The County added 230,000 people, or nearly one fourth of the State's growth, during the decade. Highlights about King County population and growth include:

- The rate of population change was slightly slower in the 1990s (15%) than in the 1980s (19%).
- More than 90 percent of the growth during the decade occurred in Urban-designated western King County, with the result that most of the population is still located in the western third of the county.
- Seattle continues to hold nearly one third of the County's total population, and Seattle gained more than one fifth of the countywide growth during the decade.
- South King County had the biggest share of the County's growth, more than half, and the South remains the largest of three subareas with more than 630,000 residents. The South King County population growth was somewhat surprising because housing construction had lagged behind the Eastside during the decade.
- The Eastside and South King County each grew at similar rates, about 20% over the decade.
- Seattle's growth rate increased during the 1990s after turning around a 30-year decline in the mid-80s; it seemed remarkable for a central city to gain after years of population loss. Seattle has continued to gain population since 2000.
- Urban centers in Seattle and Bellevue showed the most dramatic growth, while smaller centers in Renton, Kent, Auburn and Kirkland gained substantial numbers of new residents.

county with a major central city, King County comprises the majority of its metropolitan area, the "Seattle-Bellevue-Everett" metro area of more than 2.4 million persons. King County exhibits growing diversity: 73% of the population is non-Hispanic white, 11% Asian or Pacific Islander, 5% African-American, 1% Native American and 5.5% Latino. We also have an aging population with a median age near 36. More than 181,000 persons, 11% of the population, are now over age 65.

King County's population has grown by 18% since 1990, a modest rate compared with Sunbelt metro areas and nearby Puget Sound counties. However, given the large population already here, the growth numbers are significant. The increase in County population since 1990 – 267,000 -- is equivalent to the total current population of the cities of Bellevue, Federal Way and Shoreline together. King County is forecasted to grow by an additional 100,000 persons (6 %) to about 1,875,000 in 2012.

The number of housing units in King County is growing as fast as our population. The Census counted 742,000 houses, apartment and condo units and mobile homes, an increase of 95,000 units (15%) since 1990. The increase in housing since 1990 is almost evenly divided between single family including mobile homes (+49,000) and multi-family (+46,000 new units). Household size has stabilized after declining in the 1970s and 1980s, and is now estimated at 2.39 persons per household. Slight declines in household size are anticipated in coming years, to about 2.30 by 2020. Housing

- Rural portions of King County mostly grew at a relatively slow rate. The Rural-designated areas gained only 20,000 persons to a 2000 population of about 136,000 or 8% of the county total. Communities such as Vashon Island, Hobart and the Snoqualmie Valley (outside the cities) grew more slowly than had been predicted early in the 1990s.

**Race and Ethnicity:** Beyond total growth numbers, the other major story of the 2000 Census is the increase in diversity in King County. The Census found that fully 27 percent of King County residents now are persons of color. Non-Hispanic whites are the slowest growing racial group, growing by 1.5%. Between 1990 and 2000, the Hispanic or Latino population more than doubled to 95,000 persons, now 5.5% of the population. The Asian population increased almost 70% to 187,000 persons. The African-American population grew less rapidly, about 23%. The Native American population remained about the same at about 15,000, although another 17,000 persons reported themselves as partly Native American, reporting more than one race.

Seattle became somewhat more diverse, but the dispersion of persons of color outside Seattle was the more interesting trend. At 17 percent Asian, Bellevue had the highest Asian percentage. South King County experienced the most dramatic increase in diversity, with minority populations doubling and tripling in several communities. Tukwila has the largest percentage of minorities, 46%. Burien, SeaTac and Federal Way have large Pacific Island communities as well as black, Latino and Asian populations. Data from the 2000 Census on the foreign-born population reveal that much of the increase in diversity is due to immigration, especially from Asia. Countywide, the foreign-born population nearly doubled from 140,000 to 268,000. School district data on languages confirm the sense that South King County communities have large immigrant populations.

**Age:** The baby boom is maturing into middle years with the age category 45-54 growing the most rapidly at 59%. The senior population as a whole is not growing rapidly, although the over-85 population increased by 44%.

The number of preschoolers is stable at 105,000, hardly growing during the decade. Population of children (under 18) remained at about one fourth of the total, with most of the decade increase among older children.

**Households:** King County gained 95,000 households during the decade to a Census total of 710,900. As in 1990, King County has more single person households than family households consisting of a married couple with children. The number of married couples without children exceeds the number with children. Single parent households are a smaller percentage of the population in King County than nationally – and smaller in Seattle than in the suburbs. After decades of decline, average household size has stabilized at 2.39, essentially the same as the 2.40 in 1990. Average household size continued to decline in many Eastside communities, while remaining stable in Seattle and actually increasing in several South King County cities.

♦ Married with children	150,600
♦ Married, no children	179,200
♦ Single Parents, other family	90,200
♦ Single-person households	217,200
♦ Other Households	73,800

*prices, both rents and purchase prices, trended upward in the 1990s: median house price rose 69% from \$140,100 to \$236,900 in 2000, and median rent increased from \$509 to \$758.*

### **King County Economy**

*Employment growth is a driver of King County's population and housing growth. More than 1.1 million workers are employed within the borders of King County, at nearly 65,000 business establishments. With more than 40% of Washington State's jobs and payroll, the County is truly the economic engine of Washington and the Pacific Northwest. With a 2001 payroll exceeding \$53 billion, the King County economy is larger than that of several US states. The US Census reported King County's median household income at \$53,157 in 1999, well above the state and national medians.*

*During the 1990s, the number of jobs grew faster than population and housing, from 900,000 in 1990 to nearly 1,200,000 in 2000. Most workers at these jobs live in King County, but an increasing number commute in from Snohomish, Pierce, and other counties. Manufacturing employment has remained strong despite the ups and downs of aerospace, our largest sector. The composition of the economy is shifting from the traditional manufacturing and resources bases to high tech, services and trade, both local and international. The computer services industry now employs as many as aerospace, although it, too has lost ground. Unemployment was at historic lows near 3% for several years, but the King County economy*

**Housing:** The 2000 Census reported 95,000 more housing units than existed in 1990 – a total of 742,200. About 447,000 units or 60% of the housing stock consists of single family, including both detached houses and attached townhouses. The number of multifamily units, apartments and condominiums, increased to 275,000 or 37% of the housing stock, up from 35% in 1990. Between 1990 and 2000, the home ownership rate increased one percentage point to 59.8% from the 58.8% of 1990. Fully 425,000 households in the County own their home, an increase of 63,000 from 1990. The increase is encouraging, although the national and State rates went up more – about three percentage points. Increasing house prices and immigration of many low-income persons during the decade dampened the rate of increase here. Median value of single family houses increased 69% from \$140,000 to \$236,900 in 2000. The increase far outstripped inflation and the growth of income, and means that many households are paying a large share of their income for housing. Median rents increased 49% to \$758 including utilities. In Seattle, with almost half the County's rental units, median rent went up 56% to \$721.

**Educational attainment:** King County is a highly educated community in which more than 90% of the adult population have graduated from high school, and 40%, or 475,000 people, have a college education. An additional 280,000 have attended college but do not have a degree. Educational levels are even higher in Seattle, where 47% of adults have a college degree.

**Languages and Country of Origin:** The Census reported 63,000 persons over age five (3.9% of the population) who do not speak English well or at all. This number is more than twice the corresponding number in 1990, reflecting the significant amount of immigration that occurred in the last decade. Almost half of this linguistically isolated population speak Asian or Pacific Island languages, including Chinese with 37,300 speakers; Vietnamese with 24,100 – triple the 1990 number; Tagalog with 21,200; and Korean with 16,300 speakers. The diversity of European languages also increased greatly, especially Russian which multiplied six-fold to 11,300, and Spanish which now has more than 69,000 speakers.

Between 1990 and 2000, the foreign-born population nearly doubled to 268,300 – 15% of the King County population. Immigrants to King County came from literally all over the world, with Mexico (29,300), China (26,800), Vietnam (25,900), and the Philippines (24,300) sending the most people. King County has 7,200 residents from the Ukraine and 5,500 from Russia – both big increases from the 1990 Census.

**Income:** Median household income is the most widely used single measure of income. The 2000 Census reported that median household income was \$53,157 in 1999, up 47% from the 1990 Census. Inflation reduced the "real" increase to about 3%. The median, however, does not portray the breadth of the income distribution. More than one third of King County households reported more than \$75,000 income, and almost one third reported incomes under \$35,000. Every community and every ethnic group has households with high and low incomes. However, there is still an income disparity by race. The median for African-American households is \$35,172, a third less than the overall median; Native American and Hispanic households reported similar incomes.

*remains quite cyclical and has lost more than 50,000 jobs since the end of 2000.*

### **King County Jurisdictions**

*Governmentally, King County is divided into 40 jurisdictions. As of 2000, there are 39 cities ranging in size from Seattle with 563,000 and Bellevue with 110,000 to Skykomish and Beaux Arts with fewer than 400. Since the 1990 Census when Federal Way and SeaTac were new, eight new cities have incorporated, shifting 160,000 people into city limits. Several older cities have annexed large communities. King County's 39 cities cover 376 square miles or 18% of the County's total land area. Each city has a mayor and city council.*

*Unincorporated King County, the territory outside any city, now has about 353,000 people or 20% of the County's population, on 82% of its land area. Most of that population resides on the Seattle-sized portion within the Urban Growth Area designated by Growth Management. The unincorporated population is 237,000 smaller than it was at its peak in 1989 before the current spate of incorporations began. A very diverse area, unincorporated King County ranges from urban communities such as White Center, Kingsgate and Fairwood to tiny rural communities, to farmland, commercial forest, national forest and wilderness area with almost no residents. The County is governed by a home rule charter providing for a County Executive and 13-member Council.*

**Poverty:** King County's population below the poverty level increased even as the overall income increased. The 2000 Census reported that 142,500 persons or 8.4% of the population were below poverty thresholds in 1999, a slight increase from the 8.0% of the 1990 Census. An additional 192,000 persons reported incomes below 200% of the official poverty thresholds, still very low income. In the recession that has occurred since the 2000 Census was taken, the numbers of poor persons have increased dramatically: a recent US Census survey estimated 9.5% are below the poverty level.

**Commute data:** More than 900,000 King County residents reported commuting to work in 2000, 106,000 more than a decade ago. Two-thirds of these commuters drove to work alone, a smaller share but a larger number than in 1990. Almost 10% took public transportation, a larger share than in 1990. Bus ridership increased nearly 25%. Nevertheless, average commute time went up by two minutes to 26.5 minutes. The majority of King County households had two or more vehicles, but 66,000 households or 9.3% had no vehicle available.

The Washington State Employment Security Department reports average (not the more meaningful median) wages paid to employees covered by unemployment insurance. The average King County wage for 2002 was \$47,900, about the same as in 2000. However, it is instructive to separate the approximately 35,000 software employees in King County from the remaining 1,068,000 workers. This three percent of all King County workers, at Microsoft and 400 other packaged-software companies, took home 12 percent of the County's total payroll, about \$6.5 billion including stock options. That is an average of \$186,000 each. The remaining 97 percent of workers average \$43,360, still up a healthy 7.8% from \$40,200 in 2000.

## **Dramatic Shift of Population from Unincorporated King County into Cities**

One of the most profound demographic changes of recent years has been the change in jurisdiction of large numbers of King County residents. In the eleven years between 1989 and 2000, nearly 330,000 persons "moved" from unincorporated areas into city limits, through incorporation of ten new cities and numerous large annexations. More than that, this change in jurisdiction shifted the focus of energy and development activity into cities for the first time since World War II. In 1989, almost 41 percent of King County residents lived in unincorporated areas, where the majority of King County growth and development was occurring. At almost 600,000 population, unincorporated King County was the largest jurisdiction in Washington State, and certainly where the action was. Seattle had been losing population for years, and many suburban cities were barely holding their own.

In 1989 – 90, two new cities formed – the first incorporations since 1961. Creation of the cities of Federal Way and SeaTac in February 1990 initiated a trend of city building that is still underway. A total of ten new cities formed during an eleven year period, shifting a quarter million people into city limits. During the same period, another 70,000 persons annexed into existing cities. Several older cities, notably Des Moines, Lake Forest Park, and Kent, doubled or tripled their population through annexation. Other cities, including some of the new ones, added more modest populations through numerous small annexations. In 1999, Sammamish incorporated as the tenth new city in a little more than a decade, moving another 30,000 persons into the "incorporated" column. By 2003, the suburban cities ( i.e. all 38 cities outside Seattle) contain 48% of the County's population with more than half of the development activity. By 2012, the entire Urban-designated area is expected to be within city limits. More than one million people will live in the suburban cities.

At the end of the decade of incorporation, the 2000 US Census counted just 350,000 people in unincorporated King County – barely 20 percent of the County total of 1,737,000. Some unincorporated communities had grown during the decade, but most of the growth had been annexed away. By 2000, less than 20 percent of the new residential growth (measured by permitted new housing units) was occurring in unincorporated areas.

Why did such a dramatic shift occur? There were several reasons. The primary motivation was the desire for local control over land use, growth, and public safety issues. Then in 1990 and 1991, the State Growth Management Act boosted the incorporation movement by stating that cities, not counties, were appropriate entities for providing services to urban areas. That encouraged annexation of nearby urban neighborhoods by existing cities. The Growth Management Act also required the designation of Urban Growth Areas, providing concrete limits to city expansion. The presence of an Urban Growth boundary and the recognition of cities set the stage for infilling older communities that had been skipped over during an

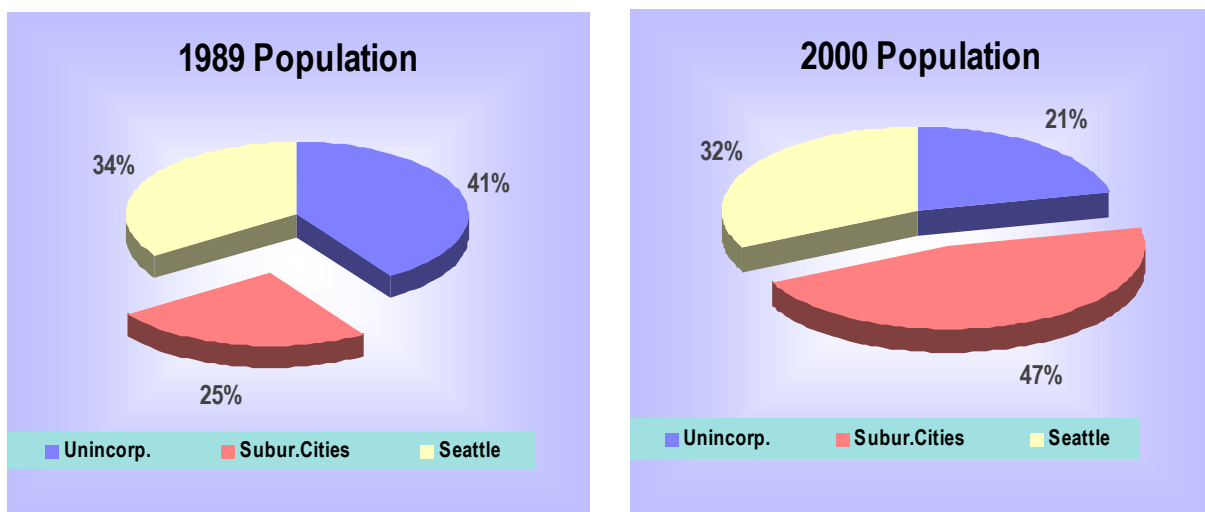
earlier era of building on the fringe. Finally, residents of a few communities considered annexing to an adjoining city but chose to incorporate instead – again, a matter of local control.

At the same time as the incorporation movement, the older cities gained renewed energy and began growing vigorously. Under the Growth Management Act, a dozen major Urban Centers were designated, all in cities. Several of these Urban Centers have demonstrated remarkable success, with a combination of public and private investment turning around downtowns that had been skipped over. At least three designated centers have experienced renewed activity in recent years, and more renewal in other centers is planned or underway. The Urban Center growth has acted as a catalyst to more general city development: Now, more than 80 percent of new residential housing units are constructed in cities. Almost all commercial activity is in cities – unincorporated areas now contain less than four percent of countywide jobs.

Governmental structure is changing to respond to this new configuration of growth. King County government has been in the urban services business, but is now moving to divide its services between “local”, mostly to Rural areas that cannot incorporate, and “regional” services to residents of the entire County.

But this transition is not yet complete. Nearly 220,000 residents still live in Urban unincorporated King County – a population which would be Washington’s second-largest city if it were all in one place. This Urban-but-not-city population is scattered among dozens of neighborhoods in western King County, some of them “islands” completely surrounded by cities. Many of these remaining Urban unincorporated islands are claimed by an adjacent city as part of its future territory, and known as “Potential Annexation Areas.” Others remain unclaimed or have been passed over during earlier annexations and incorporations. The County does not have the same revenue tools available to it as the cities do, and is dependent on property taxes which have been capped. As a result, the cost to County taxpayers of providing local urban services to these remaining neighborhoods is exceeding local revenues and thwarting King County’s ability to provide regional services to all King County residents.

## A Decade of Population Change by Jurisdiction



## Growth Targets and Land Capacity

The Countywide Planning Policies (CPPs), adopted to implement the State Growth Management Act (GMA) in 1994, set “growth targets” for households and jobs. Each target is the amount of growth to be accommodated by a jurisdiction during the 20-year Growth Management planning period. The residential targets were expressed as a range of households for each jurisdiction to accommodate between 1992 and 2012.

The GMA requires a ten-year update of Growth Management plans. During the period since the first set of targets were adopted, six new cities have incorporated in King County, and other cities have annexed large areas. Furthermore, in January 2002, the Washington State Office of Financial Management (OFM) promulgated a new set of population forecasts for whole counties, out to 2025. These changes prompted an 18-month process in King County to develop new growth targets by jurisdiction. A committee of planning directors developed new principles, methodology, and target numbers.

The methodology grew out of two principles: that each jurisdiction would take a share of the County's required growth, and there would be an attempt to balance household and job growth in broad subareas of the County. The methodology removed Rural areas from consideration as locations of growth, and assigned Rural a small share of total household growth – 6,000 new households – to encourage most of King County's growth to occur within the Urban Growth Area. The Urban Growth Area (UGA) was divided into three contiguous subareas (Seattle-Shoreline; the Eastside; South King County) and a fourth subarea consisting of six Rural Cities and their immediate surroundings. Shares of population and household growth were equated to shares of forecasted job growth in each of the three contiguous Urban subareas. The table on page 32 summarizes the countywide numbers, and page 48 has subarea detail.

See table of new targets on page 64. The table shows 22-year household growth targets for each city and for unincorporated areas within the UGA. In addition, the adopted targets provide for annexation of the entire Urban area by specifying the number of households in potential annexation areas. As cities annex territory, the responsibility to accommodate a specific share of growth goes with the annexation. Before 2022, all of King County will be within city limits except for designated Rural and Resource areas.

In 1997, the Washington State legislature adopted the Buildable Lands amendment to the Growth Management Act, (RCW 36.70A.215). The amendment requires six Washington counties and their cities to determine the amount of land suitable for urban development, and evaluate its capacity for growth, based upon measurement of five years of actual development activity. All 40 jurisdictions collaborated to compile and analyze their data on development, land supply and capacity. King County submitted its first five-year Buildable Lands evaluation report in September 2002.

#### **Key findings:**

- King County has achieved 38% of its household target in 40% of the twenty-year planning period (i.e. the first 8 years) King County has housed more than 50% of the population forecast for that period.
- King County has capacity for 263,000 more housing units - more than twice the capacity needed to accommodate the remaining household growth target.
- King County has the capacity for over 600,000 more jobs - several times the remaining target of 110,000 jobs.
- Densities being achieved in four urban sub-areas are sufficient to accommodate targeted growth. Overall residential urban densities exceed 7 dwelling units per acre.

**Residential Densities:** Jurisdictions calculated achieved densities zone by zone for the five-year period. The sub-area averages were calculated by dividing the total net land acres that were developed by the total net number of units permitted. Net land acres excluded critical areas such as wetlands and landslide hazards.

Single family densities based on building permits averaged 3.8 dwelling units per acre (du/acre) in the Urban Growth Area (UGA). Densities in single family subdivisions were somewhat higher, 4.6 units per acre. Multifamily densities averaged 22 du/acre in the UGA.

Sea-Shore had the highest average densities, 52.2 du/acre in its multifamily zones, and 6.6 du / acre in its single family zones. In all zones combined, development in Urban King County achieved a density of 7.3 du/acre. In the three urban sub-areas, the average density for all zones ranged from 6.4 on the Eastside to 20.0 in SeaShore.

	1996-2000 Residential Permit Densities		Densities in Subdivisions
	Single Family Zones	Multifamily Zones	Recorded Plats in Res. Zones
	dwelling units per acre	dwelling units per acre	dwelling units per acre
EAST COUNTY	3.4	20.4	3.9
SEA-SHORE	6.6	52.2	6
SOUTH COUNTY	4.2	17.4	5.4
RURAL CITIES	1.8	8.8	4.4
KING COUNTY URBAN AREA	3.8	22.0	4.6

**Land Supply:** The King County UGA contains almost 27,000 acres of vacant or potentially redevelopable residential land. The largest acreages of land supply are in South King County (11,500 acres) and the Eastside (7,300 acres).

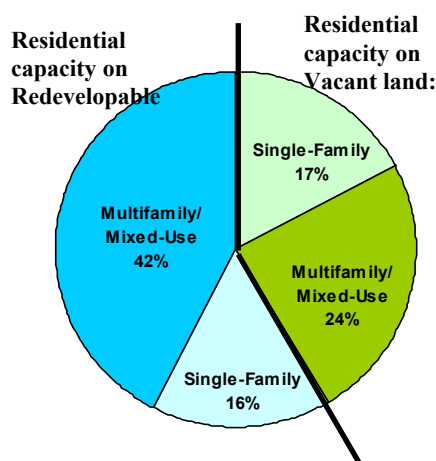
Additional observations about the land supply are in the Buildable Lands report. For example, vacant land accounts for 43% of the land supply in Urban King County while 57% of the land supply is potentially redevelopable land. More than 84% of the residential *land supply* is in single family zones, but more than two-thirds of the *capacity* on residential land is in mixed use and multifamily zones.

**Residential Capacity:** Capacity refers to the number of additional housing units that can be accommodated on vacant and redevelopable land. Land capacity was calculated by each jurisdiction on a zone by zone basis, and then summarized into single family and multifamily categories. Each jurisdiction studied its recent development history, and determined the densities likely to be actually achieved in each zone classification in the future.

Altogether the Urban Growth Area of King County has the capacity for more than 263,000 additional residential units. King County jurisdictions have the capacity for 79,700 new units in single-family zones, 63,000 new units in multifamily residential zones, and another 102,000 units in mixed-use or multiple use zones. The not yet completed portions of urban planned developments (UPDs) constitute another 12,500 units of capacity, and another 5,800 units of capacity are in the Rural Cities' Urban Growth Areas. Almost half of this housing capacity is in the Sea-Shore sub-area, which can accommodate more than 122,000 units.

The graph shows the proportions of development capacity on vacant and redevelopable land in single-family and multifamily zones. In single-family zones, shares of vacant vs. redevelopable capacity are nearly equal. Capacity in multifamily and mixed-use zones is significantly dependent on redevelopment, with nearly two-thirds of the potential units expected on currently under-utilized parcels.

### Capacity on Vacant and Redevelopable Land\*



Countywide Residential Development Capacity		
	Units	Percent of Total
<b>Capacity on Vacant Land</b>		
Single-Family	43,982	17%
Multifamily/Mixed-Use	62,058	24%
<b>All Unit Types</b>	<b>106,040</b>	<b>41%</b>
<b>Capacity on Redevelopable Land</b>		
Single-Family	41,810	16%
Multifamily/Mixed-Use	108,681	42%
<b>All Unit Types</b>	<b>150,491</b>	<b>59%</b>
<b>Total Capacity in UGA</b>	<b>256,531</b>	<b>100%</b>

\*Capacity totals exclude housing units in the pipeline

**Capacity in Relation to Target:** King County jurisdictions have permitted more than 68,000 housing units in Urban areas in the first eight years of the planning period. That amount is 36% of the Urban growth target of 188,000 households. As of 2001, the King County UGA has 263,000 units of residential capacity. This is more than twice the capacity needed to accommodate the remaining 2012 housing target of 120,000 units. There is a surplus of 143,000 units of capacity over and above the units needed to accommodate the 2012 target.

Capacity in King County is somewhat unevenly distributed among sub-areas, with Sea-Shore having the largest share (more than 122,000 units). The capacity in Sea-Shore is the result of a fairly limited amount of land that is zoned for high multifamily densities. The development history of the sub-area indicates that it can achieve high densities in the future, even with the smallest land supply of the three urban sub-areas.

Although South King County has more housing capacity numerically than the Eastside, the Eastside has a larger surplus of capacity over its current 2012 target. The South County has more of its current target still to achieve, and thus less surplus capacity (18,200) beyond that target. But sub-area differences in household size play a role. Although the South County achieved less of its housing target, it has accommodated much more than its share of population growth, because it is housing more people per housing unit. The original target allocation did not take this differential into consideration.

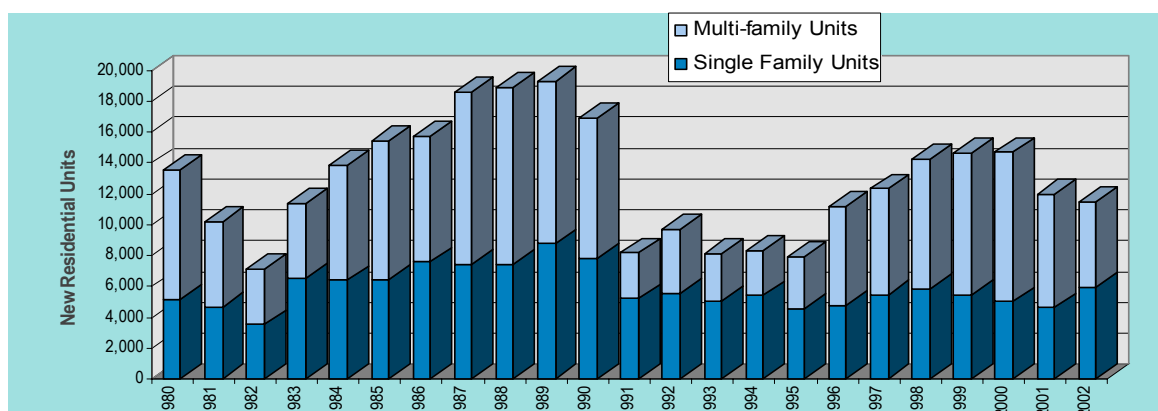
In comparing the actual growth to targets, it is important to remember the cyclical nature of Puget Sound growth. Recent permits have exceeded the annualized targets all over King County. In the next few years, slower growth may balance this rapid growth period and bring us back to the 20-year forecasted trend.

The Rural area forecast or cap was set at less than four percent of Countywide growth, an average of under 400 units per year. In the first few years after the target was set actual building construction in Rural designated areas was two to three times this annualized average. As a percentage of Countywide construction, Rural activity remains small: less than eight percent of new housing units, and down to 4% since 2000. This percentage is well below the 13 to 15% of earlier decades, and far less than Rural growth in other Puget Sound counties. Further, the 2000 Census found fewer than 137,000 persons in Rural areas, only 8% of the Countywide population and 9% of the 1990-2000 population growth. Nevertheless, in the five years 1995 - 1999, new housing construction is more than halfway (52%) to the 20-year target of up to 8,200 units in Rural areas. Much of this growth is due to the large number of pre-existing lots in rural areas.

## **Rate of residential construction remains stable**

Despite the slowing population growth, residential construction dropped only slightly in 2002, demonstrated by construction of nearly 11,500 new residential units. Construction of single family homes was up to almost 6,000 new houses and mobile homes. Permits for single family construction have stayed remarkably consistent each year since 1991, at about 5,000 new houses in King County. Only one third of the new houses were permitted in unincorporated areas.

Multifamily construction is often much more volatile, responding to changes in the regional economy. Again this year, multifamily construction decreased to about 5,500 new apartments and condominium units (half the 1998-2000 average). Total new construction is comparable to the mid-1990s, but well below levels of the late 1980s and late 1990s.



**Total New Residential Units Permitted Single Family and Multifamily 1980 – 2002**